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TOP SECRET

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GENERAL

1. British observers note success of Soviet tactics on collective security:

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Competent observers in London, including Foreign Office officials, believe that the Soviet Union is achieving some success in its attempts to remove Western Communists from isolation and form a broad front based on "anti-Fascism" and "collective security."

Commenting on the 31 March Soviet note, one observer stated, "in this age of atomic horror and political terror no ostensibly constructive proposal for peace, however absurd in details, should be laughed off; the timing was perfect, coinciding as it did, with Strauss' announcement on the bomb," and should be taken seriously."

All observers deplored the failure of the United States to consult its allies before making a public statement on the Soviet note.

Comment: The Soviet Union has corrected its blunder at Berlin of excluding the United States from any European security plan, and can now concentrate on the long-range effects of its proposals. The concept of an all-European security pact is no longer considered absurd by Western European leaders.

On 1 April French foreign minister Bidault expressed his belief to Ambassador Dillon that the divergencies between this proposal and Molotov's Berlin position merited serious study by the three powers and that there might well be further unexpected action by the Soviets. Bidault did not believe that the proposal had been made primarily as an attempt to forestall EDC ratification in France.

FAR EAST

2. Japanese still hamper American investigation of atomic incident:

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Subordinate Japanese officials continue to deny Americans access to the 23 Japanese atomic test victims, despite specific

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authorization from two cabinet ministers. Japanese medical authorities informed American doctors that the patients were "too nervous" to see them, but the patients would discuss the matter among themselves and put it to a vote on 2 April.

Meanwhile, contrary to earlier assurances, the Foreign Ministry did not inform the American embassy of the arrival in port of two other fishing vessels described by the press as radioactive. One has already departed to dump its "contaminated" catch in the ocean.

Comment: Ambassador Allison has now appealed to Prime Minister Yoshida to assert control over his subordinates and secure their cooperation in this matter of common interest to both nations.

3. Rhee seeking further to increase his personal control over South Korean armed forces:

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[REDACTED]

General Yi Hyong-kun, chairman of the South Korean joint chiefs of staff, said on 29 March that he had been told by President Rhee that the latter was making new efforts to take

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over personal control of the armed forces, [REDACTED]

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[REDACTED]

Rhee on 24 March signed a decree giving General Yi authority over all military matters and relegating Defense Minister Sohn to administrative affairs. When Sohn and the three service chiefs of staff threatened to resign if Yi became supreme commander, Rhee withheld announcement of the appointment.

Comment: General Yi's projected appointment followed a 23 March meeting in which First Army Commander General Paek and Army Chief of Staff General Chong again told Rhee it was impossible to unify Korea by independent military action. Yi is reportedly second in Rhee's favor only to General Won, notorious provost marshal commander. [REDACTED] Rhee's unfamiliarity with military matters, may result in unrealistic and provocative policy decisions.

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[REDACTED]

4. Hong Kong air defenses prove inadequate:

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In the opinion of the American air force liaison officer in Hong Kong, the colony's air warning system is vulnerable to sabotage and breakdown and would almost certainly fail in the event of an attack. The system is not in operation at night or on holidays.

A Royal Air Force air defense exercise held at Hong Kong on 8 February showed that an initial "enemy" attack was successful because of a communications failure.

The inadequacies of Hong Kong's air defenses were further revealed on 23 March, when the contrail of an aircraft, believed to be a Chinese Communist jet, was sighted by British pilots at 40,000 feet over the colony. Radar did not detect the intruding plane until it was flying out of the colonial area to the northeast. According to the American consul general, this was the first instance of a possible Chinese Communist flight over Hong Kong.

SOUTHEAST ASIA

5. Military situation throughout Indochina held steadily worsening:

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While discounting the military significance of Dien Bien Phu, the senior French adviser to the Vietnam army observed that the military situation throughout Indochina is steadily

worsening. This officer feared that commitment of the three reserve paratroop battalions in the delta to Dien Bien Phu would open vital installations in the Hanoi and Haiphong areas to successful enemy attack.

He said that the present deterioration was such that two well-trained divisions of "Koreans or Americans" were necessary to restore the situation.

Comment: Viet Minh strength inside the delta perimeter is at an all-time high and includes approximately 20,000 regulars and 55,000 auxiliary troops. These forces have by no means exerted their full capabilities.

This danger will remain until the onset of the rainy season, regardless of the outcome at Dien Bien Phu.

NEAR EAST - AFRICA

6. Jordan's chief of staff blames Palestinian Arab refugees for Negev bus incident:

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Lieutenant General Glubb, the Arab Legion chief of staff, told Ambassador Mallory in Amman on 1 April that a Jordanian police investigation indicated that the

Israeli bus incident in the Negev desert had been carried out, not by Jordanians, but by Palestinian Arab refugees now living in Sinai. Glubb added that "gangs" from Egyptian territory have often committed crimes in Israel and have then sought to confuse their pursuers by proceeding to Jordan before returning to Egypt.

Glubb suggested that the UN Mixed Armistice Commission be given this information privately in order to permit the investigation to proceed further without incurring Egyptian resentment against Jordan.

Comment: Israel has consistently held Jordan responsible for the Negev bus incident despite the lack of evidence to support this charge. Even if investigation by the commission confirms the Glubb report, Israel is not likely to withdraw its charges against Jordan.

General Glubb's findings are supported by a report of 1 April from Cairo that the attackers were living along the Egyptian-Israeli border.

7. Embassy comments on Greek minister Markezinis:

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The resignation of Spyros Markezinis as Greek minister of coordination on 2 April followed unsuccessful attempts on his part to expand his influence by naming supporters to vacant cabinet posts, according to the American embassy in Athens. He is believed to have resigned on impulse, possibly hoping his resignation would not be accepted.

The acceptance of Markezinis' portfolio by his deputy, Thanos Kapsalis, suggests a breach in the Markezinis bloc.

Comment: Shrewd and ambitious, Markezinis has been one of the strongest and ablest members of the present government. Although Prime Minister Papagos has now halted Markezinis' political rise by accepting the resignation, Markezinis probably considers this setback as only temporary.

responsible for development program ?

WESTERN EUROPE

8. Austrians fear competitive disadvantage as result of COCOM relaxation:

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Austrian officials have expressed concern to the American embassy in Vienna that prior knowledge by COCOM countries of impending decontrol of specific items may give the latter a headstart in the race for Orbit markets. The officials asserted that other European manufacturers had sold industrial ball bearings on the basis of the new control plan long before Austria had been informed of its acceptance in COCOM. They stated that adherence to Austria's present small COCOM quotas in current trade negotiations would work to Austria's disadvantage in the event that later relaxations would permit increased exports.

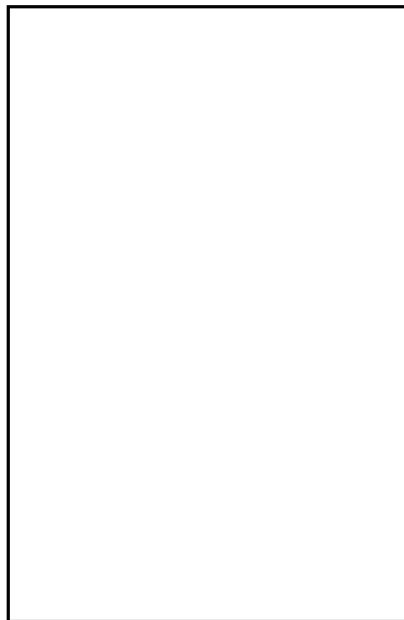
Recently the Austrians have requested a larger aluminum quota in order to meet current Polish demands for a substantial increase in Austrian exports of semi-fabricated aluminum.

Comment: There is some evidence that recent Orbit orders for specific items have been motivated by a desire to increase pressure for such decontrol.

LATE ITEM

9. Dien Bien Phu situation eases but further attacks expected:

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Col. ^{pru} De Castries reported on the morning of 4 April that Viet Minh attacks on Dien Bien Phu the previous night from the northwest and southwest had been repulsed. His over-all impression was that the enemy's offensive power had been weakened by combat fatigue and replacement of casualties with raw troops. Prisoners recently captured showed very low morale compared with that of those taken early last week.

De Castries' intelligence chief states that the Viet Minh appears now to be parceling out its artillery ammunition. He foresees, however, the possibility that the 312th Division, which has not been identified in action since 30 March, will carry the burden of another major assault within the next three or four days.

According to French headquarters in Hanoi, 500 paratroop reinforcements were dropped into Dien Bien Phu during the nights of 1-3 April. Viet Minh antiaircraft fire continues to force French planes to drop supplies from high altitudes. However, the French are now using delayed-action parachutes to prevent these supplies from falling into enemy hands.

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Meanwhile, a high French official in Saigon says that despite Viet Minh losses and supply difficulties there is every indication, including the converging of many more troops, that the enemy is continuing to concentrate on an all-out effort to capture Dien Bien Phu regardless of cost.

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